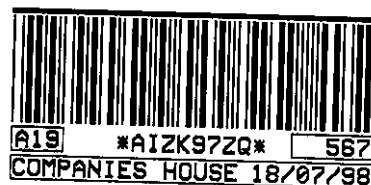


**DIRECTORS' REPORT AND ACCOUNTS**

**HUMBER PILOTAGE (C.H.A.) LIMITED**  
(Registered Number 41972)

**31 DECEMBER 1997**



# HUMBER PILOTAGE (C.H.A.) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and the audited accounts of the company for the year ended 31 December 1997.

### PRINCIPAL ACTIVITY

The principal activity of the company throughout the year under review was to provide pilotage and related services for the Humber Pilotage area. The company's parent undertaking, Associated British Ports, is designated under the Pilotage Act 1987 as the Competent Harbour Authority which is charged with providing such services.

### PROFIT AND APPROPRIATIONS

	£'000
Profit available for appropriation	887
Dividends proposed	<u>(900)</u>
Retained loss transferred to reserves	(13)
	====

### STATUTORY INSTRUMENT 1988 (PILOTAGE ACCOUNTS)

Appendix 1 to these accounts sets out the 1997 Operating Results in the form prescribed by Regulation 4, Statutory Instrument 1988 No 2216, The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

### REVIEW OF BUSINESS

The company has continued to trade at a satisfactory level.

### DIRECTORS

The directors who held office during the year were as follows:

D Dunn	OBE	(resigned 18/11/97)
M G Fell		(Chairman)
C Silvester		
Captain P P Hames		
Captain J R W Myers		(resigned 31/12/97)

# HUMBER PILOTAGE (C.H.A.) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997 (continued)

### DIRECTORS' SHARE INTERESTS

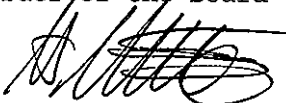
No director had any beneficial interest in the shares of the company during the year. The beneficial, including family, interests of the directors in the share capital of Associated British Ports Holdings PLC are shown below:

	Ordinary Shares of 25p each		Ordinary Shares of 25p each held by the Trustees of the Employee Share Ownership Scheme		Ordinary Shares of 25p each subject to Options under the Savings- Related and Executive Share Option Schemes	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
M G Fell	-	-	1,050	868	96,141	62,754
C Silvester	35,871	36,127	1,690	1,850	68,859	54,144
Capt P P Hames	-	-	-	-	43,513	30,000
	=====	=====	=====	=====	=====	=====

### AUDITORS

A resolution to re-appoint Price Waterhouse as auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



H T LAMBERT  
Secretary

4 March 1998

Registered Office

150 Holborn  
LONDON  
EC1N 2LR

## HUMBER PILOTAGE (C.H.A.) LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **HUMBER PILOTAGE (C.H.A.) LIMITED**

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF HUMBER PILOTAGE (C.H.A.) LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PRICE WATERHOUSE**

Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
LONDON  
SE1 9SY

4 March 1998

# HUMBER PILOTAGE (C.H.A.) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	<u>1997</u> £'000	<u>1996</u> £'000
TURNOVER	1 (2)	12,788	12,491
Cost of sales		(10,844)	(10,824)
GROSS PROFIT		1,944	1,667
Administration expenses		(625)	(617)
OPERATING PROFIT	2	1,319	1,050
Interest	4	(69)	(19)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,250	1,031
Taxation	5	(363)	(304)
PROFIT FOR THE YEAR		887	727
Dividends	6	(900)	(700)
AMOUNT TRANSFERRED TO RESERVES		(13)	27
RESERVES BROUGHT FORWARD		<u>2,032</u>	<u>2,005</u>
RESERVES CARRIED FORWARD		<u>2,019</u> =====	<u>2,032</u> =====

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £887,000 in the year ended 31 December 1997 and of £727,000 in the year ended 31 December 1996.

As detailed in note 15, the business and assets of the Company were transferred to the Parent Company and therefore, all the above figures relate to discontinued activities for Humber Pilotage (CHA) Ltd.

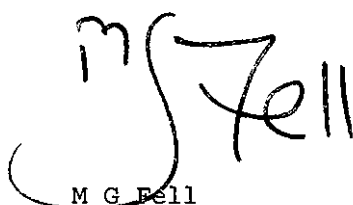
The notes on pages 7 to 12 form part of these accounts.

# HUMBER PILOTAGE (C.H.A.) LIMITED

## BALANCE SHEET - 31 DECEMBER 1997

	Notes	<u>1997</u> £'000	<u>1996</u> £'000
<b>FIXED ASSETS</b>			
Tangible operating assets	7	2,980	2,980
<b>CURRENT ASSETS</b>			
Stores and materials	8	46	63
Debtors	9	1,688	1,938
Cash at bank and in hand		<u>770</u>	<u>426</u>
		2,504	2,427
<b>CREDITORS (due within one year)</b>	10	<u>(3,435)</u>	<u>(3,325)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(931)</u>	<u>(898)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,049	2,082
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	11	<u>-</u>	<u>(20)</u>
<b>NET ASSETS</b>		2,049 =====	2,062 =====
<b>CAPITAL AND RESERVES</b>			
Issued share capital	12	30	30
Profit and loss account		<u>2,019</u>	<u>2,032</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	2,049 =====	2,062 =====

The notes on pages 7 to 12 form part of these accounts.

  
M G Bell

DIRECTOR

APPROVED BY THE BOARD  
ON 4 March 1998

# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

### 1 ACCOUNTING POLICIES

#### (1) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention.

#### (2) Turnover

Turnover comprises the amounts receivable in respect of pilotage services provided during the year.

#### (3) Operating leases

Amounts payable in respect of operating leases are charged to the profit and loss account.

#### (4) Fixed assets - tangible operating assets

Tangible operating assets are included at cost.

Depreciation is provided on the straight line method by reference to the expected useful lives of the various types of asset. No depreciation is charged in respect of freehold land.

The asset lives used are:

Freehold buildings	50 years
Long leasehold buildings and jetty	50 years
Short leasehold improvements	50 years
Vessels	10 - 15 years
Plant and equipment	15 - 30 years
Motor vehicles	2 - 3 years

#### (5) Stores and materials

Stores and materials are stated at the lower of cost and net realisable value.

#### (6) Deferred taxation

Deferred taxation is only provided on timing differences when it is expected that the potential tax liability will be payable in the foreseeable future.

#### (7) Retirement benefits

The ABP Group operates a number of defined benefit type pension schemes. The majority of the scheme members are in funded schemes with the assets being held in separate trustee-administered funds. During 1996, it was agreed that the assets and liabilities of three funded schemes should be merged into a new Group scheme.

The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Past service surpluses and other variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of independent actuaries.



# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### (8) Cash Flows

The company is not required by FRS1 to produce a statement of cash flows as the results of the company are consolidated into the accounts of Associated British Ports Holdings PLC.

### 2 PROFIT BEFORE INTEREST AND TAXATION

	<u>1997</u> £'000	<u>1996</u> £'000
Profit before interest and taxation is stated after charging:		
Wages and salaries	1,556	1,382
Social security costs	120	111
Other pension costs	108	101
Depreciation	366	331
Operating lease rentals	10	12
Auditors' remuneration - statutory audit	4	4
	=====	=====

### 3 DIRECTORS AND EMPLOYEES

#### (1) Directors' emoluments

Directors' emoluments were as follows:	<u>1997</u> £'000	<u>1996</u> £'000
Management remuneration including pension contributions	59	59
	=====	=====

One director benefited as a result of contributions made to the defined contribution pension scheme of the company.

	Number	Number
(2) <u>Average number of employees</u> (including directors)	72	64
	=====	=====

# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 3 DIRECTORS AND EMPLOYEES (continued)

#### (3) Retirement benefits

Independent actuaries carry out valuations of both the funded pension schemes and the unfunded pension liabilities which provide pension benefits for approximately two-thirds of ABP Group employees.

The previous valuation was undertaken as at 31 December 1994. The actuaries' report was received and during 1996, after agreement with the schemes' Trustees, certain benefit improvements were agreed. It was further agreed that the assets and liabilities of the three schemes should be merged into a new Group scheme with effect from October 1996. The market value of the assets of the three schemes at the valuation date was £260.6 million. The actuarial value of the assets represented 133 per cent of the benefits which had accrued to members after allowing for future expected increases in earnings and the benefit improvements, agreed by the Trustees consequent to the valuation, but before any additional liabilities which may arise. The Attained Age method was used to value two of the three funded schemes and the Projected Unit method for the other scheme. The valuations as at 31 December 1994 assumed that investment return will exceed salary increases by 2 per cent per annum and exceed future pension increases by 4 percent per annum. The rate of increase in dividends was assumed to match inflation. The schemes are funded on a more conservative basis than that used to determine the pension credit.

The actuaries have recently completed an approximate review of the scheme to assess the impact of the main factors affecting the ABP Group Pension Scheme over the three years since the previous actuarial valuation. Overall they have concluded that experience has been favourable and should fully offset the adverse impact on liabilities of the change on the tax treatment of dividends introduced in the 1997 budget. As a result of this, there have been no changes to the amortisation of past service surpluses in 1997. The treatment for 1998 onwards will be based upon the results of the actuarial valuation of the scheme being undertaken as at 31 December 1997. The full actuaries' report will be received and reviewed in 1998.

The total pension cost for the company in respect of the year ended 31 December 1997 was £108,000 (1996 - £101,000).

### 4 INTEREST

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Interest receivable from parent undertaking	35	33
Interest payable to parent undertaking	<u>(104)</u>	<u>(52)</u>
	(69)	(19)
	=====	=====

# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 5 TAXATION

	<u>1997</u> £'000	<u>1996</u> £'000
Based on the profit on ordinary activities for the year:		
Group relief payable at 31.5% (1996 - 33%)	383	306
Deferred tax write - back	(20)	-
Prior year adjustment	<u>-</u>	<u>(2)</u>
	363	304
	=====	=====

### 6 DIVIDENDS

	<u>1997</u> £'000	<u>1996</u> £'000
Dividends proposed - £30.00 per share (1996 - £23.33 per share)	900	700
	=====	=====

### 7 TANGIBLE OPERATING ASSETS

	Freehold land and buildings	Long leasehold buildings and jetty	Short leasehold improve- ments	Floating craft	Plant, equip- ment and motor vehicles	T o t a l
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>						
At 1 January 1997	74	902	250	2,352	1,212	4,790
Additions	107	29	-	20	228	384
Disposals	-	-	-	-	(100)	(100)
	<u>181</u>	<u>931</u>	<u>250</u>	<u>2,372</u>	<u>1,340</u>	<u>5,074</u>
	=====	=====	=====	=====	=====	=====
<u>Depreciation</u>						
At 1 January 1997	26	356	32	809	587	1,810
Charge for the year	2	64	-	144	156	366
Disposals	-	-	-	-	(82)	(82)
	<u>28</u>	<u>420</u>	<u>32</u>	<u>953</u>	<u>661</u>	<u>2,094</u>
	=====	=====	=====	=====	=====	=====
<u>Net book amount</u>						
At 31 December 1997	153	511	218	1,419	679	2,980
	=====	=====	=====	=====	=====	=====
At 31 December 1996	48	546	218	1,543	625	2,980
	=====	=====	=====	=====	=====	=====

The short leasehold improvements relate to premises which the company is renting from its parent undertaking, under a short-term tenancy.

Freehold land of £28,000, shown under tangible operating assets, is not subject to a depreciation charge.

# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 8 STORES AND MATERIALS

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Spare parts	39	54
Gas and heating oil	<u>7</u>	<u>9</u>
	46	63
	=====	=====

### 9 DEBTORS (due within one year)

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Trade debtors	1,599	1,349
Amounts owed by group undertakings	30	501
Other debtors	26	66
Prepayments and accrued income	<u>33</u>	<u>22</u>
	1,688	1,938
	=====	=====

### 10 CREDITORS (due within one year)

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Trade creditors	29	70
Capital expenditure	17	24
Amounts owed to group undertakings	1,401	1,527
Other creditors	678	674
Group tax relief payable	383	306
Proposed dividend	900	700
Accruals	<u>27</u>	<u>24</u>
	3,435	3,325
	=====	=====

### 11 DEFERRED TAXATION

	<u>1997</u>		<u>1996</u>	
	Provided in the accounts	Potential full provision	Provided in the accounts	Potential Full Provision
	£'000	£'000	£'000	£'000
Arising in respect of capital allowances	-	501	20	494
	=====	=====	=====	=====

### 12 ISSUED SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Authorised, issued, called up and fully paid 30,000 Ordinary shares of £1 each	30	30
	=====	=====

# HUMBER PILOTAGE (C.H.A.) LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £'000	<u>1996</u> £'000
Profit for the year	887	727
Dividends	<u>(900)</u>	<u>(700)</u>
Net (decrease)/increase in shareholders' funds	(13)	27
Shareholders' funds at 1 January	<u>2,062</u>	<u>2,035</u>
Shareholders' funds at 31 December	2,049	2,062
	=====	=====

### 14 FINANCIAL COMMITMENTS

	<u>1997</u> £'000	<u>1996</u> £'000
Capital expenditure		
Contracted but not provided for in these accounts at 31 December	12	32
	=====	=====

#### Operating leases

Commitments during the next financial year in respect of operating lease payments (land and buildings - nil) are as follows:

Other leases - Company cars now done at Head Office

Leases which expire within 1 year	0	3
Leases which expire between 1 and 5 years	0	8
	=====	=====

### 15 POST BALANCE SHEET EVENT

Since the year end, the Company has ceased trading. Its business, assets and liabilities have been transferred to Humber Marine Services, a division of ABP.

### 16 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Associated British Ports Holdings PLC. The company's immediate parent undertaking is Associated British Ports.

The company has taken advantage of the exemption offered by FRS 8 not to disclose transactions with other group companies.

Copies of the group accounts can be obtained from:

Associated British Ports Holdings PLC  
150 Holborn  
London  
EC1N 2LR

# HUMBER PILOTAGE (C.H.A.) LIMITED

## APPENDIX I

### OPERATING RESULTS - YEAR ENDED 31 DECEMBER 1997

Operating results in the form prescribed by Regulation 4, Statutory Instrument 1988 No 2216, The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988.

#### (1) REVENUE

£'000

Charges in respect of:

- |   |        |
|---|--------|
| (a) Pilotage Services provided as authorised<br>by section 10(1) of the Pilotage Act 1987                       | 12,066 |
| (b) Use of Pilotage Exemption Certificates issued<br>as authorised by section 10(3) of the<br>Pilotage Act 1987 | 722    |

Total revenue	12,788
	=====

#### (2) EXPENDITURE

Expenditure incurred in:

- |  |       |
|--|-------|
| (a) Providing the services of a Pilot  | 8,956 |
| (b) Providing, maintaining and operating pilot boats   | 1,880 |
| (c) Meeting liabilities under Part III of the<br>Pilotage Act 1987                                     | -     |
| (d) Administration and other costs not included in<br>(a) - (c) above in respect of pilotage functions | 633   |

Total expenditure	11,469
	=====

OPERATING PROFIT	1,319
------------------	-------

INTEREST PAID (NET)	(69)
---------------------	------

TAXATION	(363)
----------	-------

887

PROPOSED DIVIDEND	(900)
-------------------	-------

NET LOSS TRANSFERRED TO RESERVES	(13)
	=====